

Message Text

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C O R R E C T E D COPY (PARA ONE LINE TWELVE OMMITTED)

EO 11652: NA
TAGS: ETRD CAN
SUBJECT: ANTITRUST: GRAND JURY INVESTIGATION OF THE
PAPER INDUSTRY

1. ON DECEMBER 17 THE DEPARTMENT RECEIVED FROM THE
DEPARTMENT OF JUSTICE (DOJ) THE FOLLOWING LETTER NOTIFI-
CATION OF A GRAND JURY INVESTIGATION OF THE PAPER INDUSTRY:

-- QUOTE: THIS IS TO ADVISE YOU THAT A FEDERAL GRAND
JURY EMPANELLED IN THE EASTERN DISTRICT OF PENNSYLVANIA
WILL CONDUCT AN INVESTIGATION OF THE PAPER INDUSTRY.

-- THE PHILADELPHIA GRAND JURY WILL FOCUS ON POSSIBLE
VIOLATIONS OF THE SHERMAN ANTITRUST ACT, SEEKING INFOR-
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MATION ON THE FORMATION AND IMPLEMENTATION OF AGREEMENTS
AND CONSPIRACIES IN RESTRAINT OF UNITED STATES TRADE IN
THE PRODUCTION AND DISTRIBUTION OF PAPER. THIS INVESTI-
GATION IS IN A VERY PRELIMINARY STAGE. WHILE CONDUCT BY
UNITED STATES ENTITIES WITHIN U.S. MARKETS IS THE CENTRAL
FOCUS, IT IS ALWAYS POSSIBLE THAT FIRMS OR INDIVIDUALS IN
OTHER PAPER PRODUCING NATIONS MAY BECOME INVOLVED.

-- CANADA HAS SUBSTANTIAL PAPER PRODUCTION, SOME OF

WHICH IS EXPORTED TO THE U.S., THUS IT IS POSSIBLE THAT CANADIAN ENTITIES OR INDIVIDUALS MAY COME WITHIN THE JURY'S INQUIRY AS IT PROCEEDS. ACCORDINGLY, YOU MAY WISH TO ADVISE THE CANADIAN GOVERNMENT OF THE FACT OF THIS INVESTIGATION UNDER THE 1967 O.E.C.D. COUNCIL RECOMMENDATION. END QUOTE.

2. IN ADDITION DOJ INFORMED THE DEPARTMENT THAT SUBPOENAS WERE ISSUED TO SEVERAL U.S. CORPORATIONS ABOUT THREE WEEKS AGO. ALTHOUGH THE MAJOR PORTION OF THE DATA SOUGHT IS IN THE U.S., INFORMATION HAS BEEN REQUESTED FROM THE INTERNATIONAL PAPER COMPANY AND CROWN ZELLERBACH CORPORATION, BOTH OF WHICH HAVE SUBSIDIARIES AND PRODUCTION IN CANADA. THE DOJ SPOKESMAN SAID THAT IF IT IS NOT POSSIBLE TO FULLY RESPOND TO THE SUBPOENAS FROM U.S. SOURCES, IT IS LIKELY THAT SOME INFO WILL BE REQUESTED FROM CANADIAN SOURCES IN THE CASE OF THESE TWO COMPANIES.

3. DOJ HAS, PURSUANT TO MITCHELL-BASFORD, NOTIFIED MR. BERTRAND OF CCA OF THIS INVESTIGATION. REQUEST THAT THE EMBASSY NOTIFY APPROPRIATE GOC AUTHORITIES. KISSINGER

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